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Message Text

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61
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 L-03 AGR-05 NSC-05 SS-15

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R 161755Z SEP 75
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 9559
INFO ALL EC CAPITALS 1066
AMEMBASSY ANKARA
AMEMBASSY ATHENS

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E.O. 11652: N/A
TAGS: ETRD, EEC, GR
SUBJECT: EC COMMISSION PROPOSAL FOR NEW FINANCIAL PROPOSAL
FOR GREECE

REF: A. EC BRUSSELS 6924, B. EC BRUSSELS 3834

1. BEGIN SUMMARY. THE EC COMMISSION HAS RECENTLY REQUESTED THE EC COUNCIL TO AUTHORIZE THE COMMISSION TO BEGIN NEGOTIATIONS WITH GREECE ON A NEW FINANCIAL PROTOCOL. THE COMMISSION SUGGESTS THAT FOR THE FIVE-YEAR PERIOD COVERED BY THE PROPOSED PROTOCOL, BETWEEN 200 AND 250 MILLION UNITS OF ACCOUNT BE PROVIDED IN THE FORM OF LOANS FROM THE EUROPEAN INVESTMENT BANK, TOGETHER WITH 120 MILLION UNITS OF ACCOUNT IN THE FORM OF GRANTS. THE COMMISSION HOPES TO HAVE THE COUNCIL'S REACTION DURING THE NOVEMBER FOREIGN MINISTERS' COUNCIL SESSION. END SUMMARY

2. THE EC COMMISSION HAS FORWARDED TO THE COUNCIL A DRAFT DECISION WHICH WOULD AUTHORIZE THE COMMISSION TO BEGIN NEGOTIATIONS WITH THE GREEK GOVERNMENT ON A NEW FINANCIAL PROTOCOL FOR A
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FIVE-YEAR PERIOD (REFTEL A). THE COMMISSION PAPER NOTES THAT THE

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GREEK GOVERNMENT, DURING THE ASSOCIATION COUNCIL MEETING OF 28 APRIL 1975, REQUESTED A PACKAGE OF 400 MILLION UNITS OF ACCOUNT (U.A.) (REFTEL B). TWO HUNDRED AND FIFTY MILLION WOULD COME FROM THE EUROPEAN INVESTMENT BANK (EIB), (WITH AS MUCH AS POSSIBLE ON SPECIAL CONCESSIONAL TERMS) OF WHICH 150 MILLION U.A. WOULD BE EARMARKED FOR AGRICULTURE. THE GREEKS ALSO REQUESTED 150 MILLION U.A. IN GRANTS, FOR THE RESTRUCTURING OF GREEK AGRICULTURE.

3. IN ITS COMMUNICATION TO THE COUNCIL THE COMMISSION NOTES THAT BY PROPOSING TO ALLOCATE A MAJOR PORTION OF THE COMMUNITY'S FINANCIAL AID TO THE AGRICULTURAL SECTOR THE GREEKS ARE CONFRONTING THE DIFFICULT PROBLEM OF HARMONIZATION OF AGRICULTURAL POLICIES IN A PRAGMATIC WAY BY ATTEMPTING TO FINANCE THE REQUIRED ADJUSTMENTS IN THE GREEK AGRICULTURE THROUGH EC ASSISTANCE. THE COMMISSION SUPPORTS THIS INITIATIVE. IN DETERMINING THE LEVEL OF THE EIB LOANS, HOWEVER, IT RECOMMENDS A FIGURE BETWEEN 200 AND 250 MILLION U.A. THE ACTUAL FIGURE WOULD DEPEND ON THE EXTENT TO WHICH INTEREST ON THE EIB LOANS IS SUBSIDIZED BY THE COMMUNITY.

4. WITH RESPECT TO THE GREEK REQUEST FOR 150 MILLION U.A. IN GRANTS FOR AGRICULTURE, THE COMMISSION NOTES THAT GREECE, LIKE SOME OF THE RELATIVELY LESS-DEVELOPED AREAS WITHIN THE COMMUNITY, REQUIRES SIGNIFICANT EFFORTS TO RESTRUCTURE ITS AGRICULTURAL PRODUCTION. THE COMMISSION SOMEWHAT ARBITRARILY PROPOSES A GRANT OF 120 MILLION U.A. OVER THE FIVE YEARS FOR THIS PURPOSE.

5. GREECE ALSO HAD REQUESTED DIRECT ACCESS TO EIB RESOURCES ABOVE AND BEYOND THE 250 MILLION U.A. THE COMMISSION INDICATES THAT SUCH FACILITIES ARE AVAILABLE ONLY TO MEMBER STATES AND THAT THE GREEK REQUEST ON THIS POINT CANNOT BE MET.

6. A COMMISSION SOURCE HAS TOLD US THAT THE COMMISSION HOPES ITS REQUEST FOR NEGOTIATION AUTHORITY WILL BE EXAMINED BY THE COREPER AND THE MEMBER STATES DURING THE MONTH OF OCTOBER AND THAT THE COUNCIL WILL BE IN A POSITION TO TAKE A DECISION ON IT AT THE FOREIGN MINISTERS' COUNCIL MEETING IN NOVEMBER.

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7. IT SHOULD BE NOTED THAT CONSIDERATION OF THE FINANCIAL PROTOCOL IS DISTINCT FROM THE GREEK REQUEST FOR FULL EC MEMBERSHIP. THE COMMISSION IS CONTINUING TO STUDY THIS ISSUE AND IS PREPARING ITS RECOMMENDATIONS FOR THE COUNCIL BUT IT DOES NOT ANTICIPATE THAT THIS EXAMINATION WILL BE COMPLETED BEFORE THE END OF THE YEAR. IN THE MEANTIME, HOWEVER, PROGRESS UNDER THE ASSOCIATION AGREEMENT, INCLUDING THE FINANCIAL PROTOCOL DISCUSSED ABOVE AND AGRICULTURAL HARMONIZATION CONTINUES.

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8. THE FULL TEXT OF THE COMMISSION COMMUNICATION IS BEING
TRANSMITTED BY AIRGRAM. GREENWALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, ECONOMIC DEVELOPMENT, MINISTERIAL MEETINGS, MEETING REPORTS, FIVE YEAR PLAN, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU08254
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750321-0174
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750945/aaaabnxa.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 6924, 75 EC BRUSSELS 3834
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2003 by BoyleJA>; APPROVED <22 APR 2003 by GolinoFR>
Review Markings:

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US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC COMMISSION PROPOSAL FOR NEW FINANCIAL PROPOSAL FOR GREECE
TAGS: ETRD, AORG, OVIP, GR, EEC, FAO, (AQUINO, FRANCISCO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006